

FEDERAL RESERVE BANK
OF NEW YORK

Circular No. 9036
March 17, 1981

PROPOSALS RELATED TO NEW SCHEDULE
FOR WIRE TRANSFERS OF FUNDS

*To All Depository Institutions, and Others Concerned,
in the Second Federal Reserve District:*

As you know, the Federal Reserve System has adopted a new schedule of operating hours, to be effective May 1, 1981, for the transfer and settlement of funds dispatched over the System's wire network. The new schedule was announced in our Circular No. 8986, dated December 30, 1980.

Included in the schedule is a provision that each Reserve Bank would have the option of using up to 90 minutes of the 4:30 p.m. to 6:30 p.m. settlement period for intradistrict third-party transfers. However, before amending Appendix A to our Operating Circular No. 8 to reflect the new schedule, we are requesting your comments on the following proposals concerning the cutoff hour for intradistrict third-party transfers in this District and the deadlines for accepting transfer requests from off-line institutions.

1. *Cutoff for intradistrict third-party transfers.*— We would propose to adopt a uniform 4:30 p.m. cutoff for intradistrict as well as interdistrict third-party transfers. The principal reasons for not proposing a later period for intradistrict third-party transfers are: (a) A cutoff for these transfers that is later than the cutoff for other payment systems, such as CHIPS, would result in shifts in traffic from these payment systems to Fedwire late in the day. This would adversely affect the same-day settlement of these payment systems, create traffic peaking problems for this Bank late in the day, and increase the risk associated with one payment system, such as Fedwire, being used at the end of the day for most funds transfer transactions. (b) Small- and medium-size depository institutions have indicated that they do not desire such an extension, since it might require them to operate for up to two additional hours each day.

2. *Deadlines for off-line institutions.*— Since adherence to our proposed 4:30 p.m. cutoff for interdistrict and intradistrict third-party transfers would require an earlier deadline for the receipt of these transfer requests from off-line institutions to allow for the manual processing of these transfers prior to this cutoff, we are proposing a 3:30 p.m. deadline for the receipt of these transfer requests from off-line institutions. The corresponding proposed deadline for the receipt of interbank settlement transfer requests from off-line institutions for the 6:30 p.m. settlement cutoff would be 5:30 p.m.

Comments on these proposals should be submitted by March 31 and sent to our Funds Transfer Department. Questions concerning these proposals may be directed to Whitney R. Irwin, Vice President, Cash Processing Function (Tel. No. 212-791-5810) or Henry F. Wiener, Manager, Funds Transfer Department (Tel. No. 212-791-5079) at the Head Office; or Robert J. McDonnell, Operations Officer (Tel. No. 716-849-5064) or Philip G. Coletti, Chief, Accounting Division (Tel. No. 716-849-5064) at our Buffalo Branch.

ANTHONY M. SOLOMON,
President.